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UNCLAS SECTION 01 OF 02 ASUNCION 000905

SIPDIS

SENSITIVE

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STATE PLEASE PASS TO USAID LAC/AA  
DEPT OF LABOR FOR ILAB TINA FAULKNER AND LAURA BUFFO  
TREASURY FOR OSIA MAUREEN WAFER  
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SUBJECT: PARAGUAY: AMBASSADOR CALLS ON NEW JUSTICE AND LABOR MINISTER

REF: ASUNCION 00711

**¶11. (U) Summary:** On July 7, the Ambassador called on Ruben Candia Amarilla to congratulate him on his selection as Paraguay's new Minister of Justice and Labor (reftel). During the meeting, the Ambassador highlighted child labor, prison conditions, and lengthy delays in the Paraguayan judicial system as areas of interest to the USG, and underscored the need for reform of Paraguay's rigid labor code to attract investment. Candia agreed that each of those areas was a priority for the GOP. Candia also raised human rights-related concerns about indigenous workers employed by cattle ranchers in the Chaco on a "work for food" (no salary) basis. End Summary.

#### Child Labor and Prison Conditions

**¶12. (U)** The Ambassador highlighted child labor and prison conditions as two areas of interest to the USG from a labor and human rights perspective. Candia indicated that those were also priorities for him and the GOP. He noted that the GOP joined the ILO convention on the worst forms of child labor, and highlighted the GOP's ongoing campaign to raise awareness with respect to the problem in Paraguay. He noted that his top priority with respect to prison conditions was ensuring that inmates were properly fed, and shared with the Ambassador a report he is sending to President Duarte on progress the GOP has made in that and other areas since Duarte took office.

#### Delays in the Judicial System

**¶13. (U)** The Ambassador also raised the issue of lengthy delays in the judicial system and a related USAID project. Candia agreed that the delays were a serious problem, and noted that the main bottleneck was in the intermediate stage of the process, the stage at which a determination is made whether a case will go to an oral trial. He also noted that the 95-percent conviction rate in oral trials is an indication that the judicial system is not functioning properly. He said many judges will find a way to convict on at least one charge in every case, regardless of a defendant's guilt or innocence.

**¶14. (U) Bio Note:** Candia noted that he has risen through the ranks of the judicial system, first as a stenographer, then as a lawyer and magistrate. End Bio Note.

#### Rigid Labor Code

**¶15. (U)** Additionally, the Ambassador underscored the common assessment of several IFIs that Paraguay's rigid labor code made the country an unattractive place to invest. Candia agreed, and noted that the GOP has initiated tri-partite discussions with the unions and the business community to study the problem. Candia claimed the unions were on board, but that it would take a while to convince businesses to break away from a long tradition of informality in employment practices.

**¶16. (SBU) Comment:** Even if the unions are engaging in discussions with businesses and the GOP, it might be overly optimistic to say that they are "on board" with GOP proposals for labor code reform. In reaction to a business association leader's recent comments about the need for labor code reform, one labor leader opined that the problem was not the code, but rather businesses' failure to comply with it, and that his union "would not give a millimeter." End Comment.

#### Indigenous Workers

**¶17. (SBU)** Prompted by the Ambassador's expressions of USG interest in human rights issues, Candia voiced concerns about indigenous workers employed by cattle ranchers in the Chaco

on a "work for food" (no salary) basis, a situation he described as servitude ("peonizacion"). Candia explained that the ILO had recently issued a report criticizing such working conditions as tantamount to slavery. Rationalizing to an extent, Candia noted that some of the indigenous workers in question would have no use for a salary anyhow, since there was nowhere to spend money in some of the more isolated, remote locations where they lived and worked. Nonetheless, he said, the GOP was including the issue in its ongoing media campaign.

**18. (SBU)** Comment: This is the first the Embassy has heard of this particular indigenous problem; we will further investigate the matter with an eye toward next year's Human Rights Report. It is worth noting that, in the context of Paraguay's vast informal sector, even the most progressive businesses and cooperatives that help the poor near their operations violate the labor code in many different ways. Systemic reform, not just enforcement, is needed.

KEANE